



Industry and Energy Perspectives on Data Centers

Center for Rural Pennsylvania

Stephen Bennett

Sr. Manager, Governmental Services

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GRID RELIABILITY

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Markets

- Energy
- Capacity
- Ancillary services

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Operations

- Grid operations
- Supply/demand balance
- Transmission monitoring

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Regional Planning

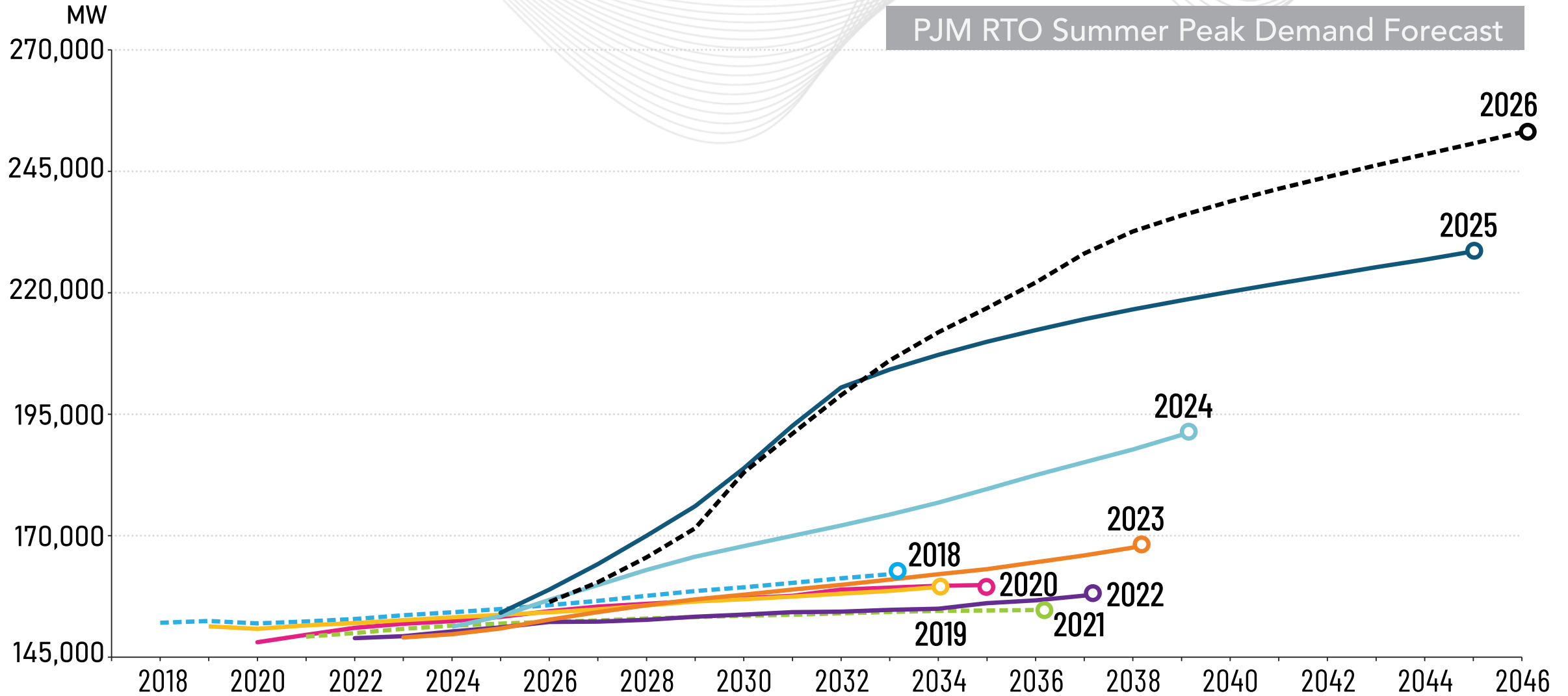
- 15-year outlook



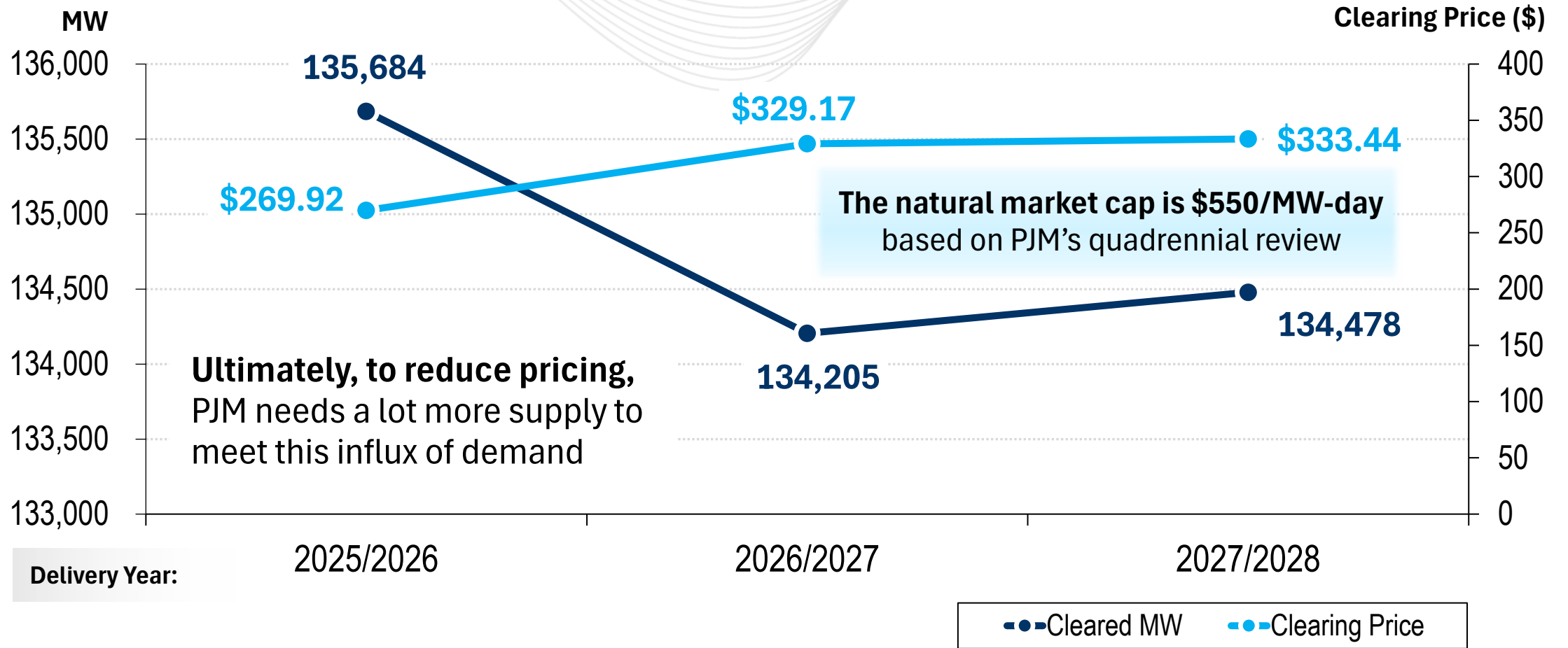


Electricity Demand Growth

PJM RTO Summer Peak Demand Forecast



Recent Capacity Market Clearing Prices (UCAP)



Note: Cleared MW values include Annual and matched Seasonal Capacity Performance sell offers within the LDA.



Bring Your Own New Generation and Expedited Interconnection Track



Curtailment of Data Centers Not Bringing New Generation



Reliability Backstop Procurement



Significant Load Forecasting Improvements



Study on Market Incentives for New Supply



Capacity Market Price Cap and Floor

PJM Recommendations

Retail Cost Allocation

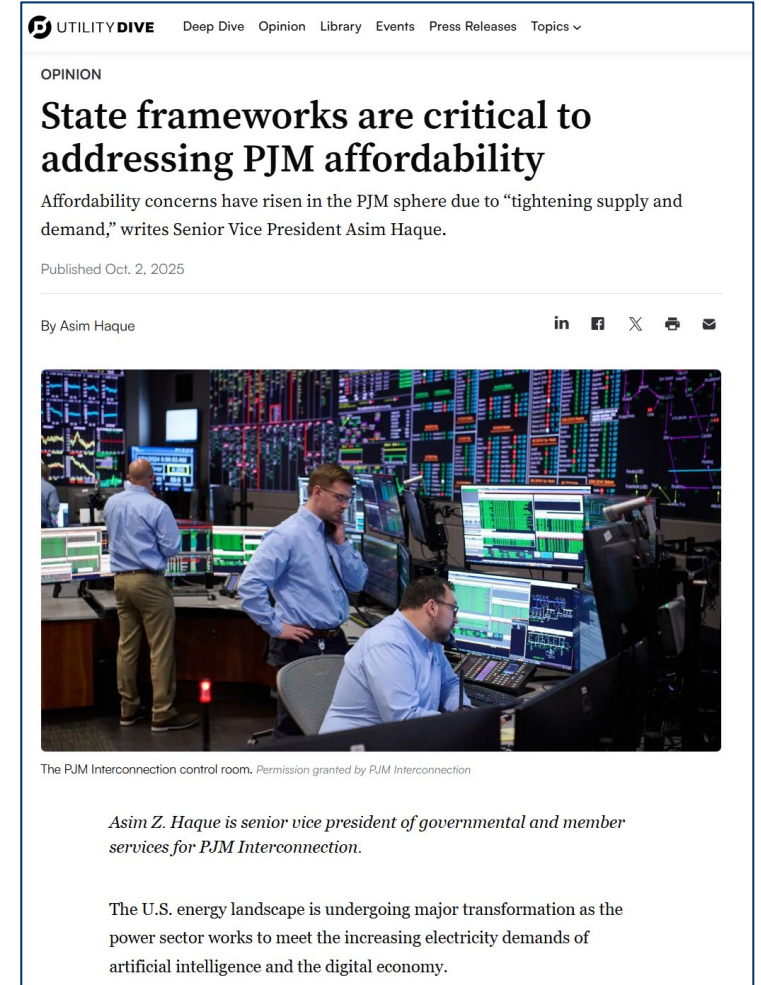
States ultimately have control over how costs are allocated to the various customer classes in utility tariffs. Costs can be allocated away from residential consumers and small businesses and toward other customer classes more directly driving the tightening supply-demand balance, including data centers. State programmatic rebates can be allocated to specific customer classes as well.

Data Center Entry Commitments

A number of our states are placing financial requirements and stricter entry commitments on data centers trying to connect through regulated utilities as a way to make sure that the data center is actually coming to that utility's service territory. This will, in turn, allow for utilities to submit more accurate data to PJM to better refine our load forecasts used on the wholesale side. Further, PJM is considering a period where states can review and provide feedback on requested large load additions in PJM's load forecast.

Default Service Procurement

Our restructured states are all utilizing default service procurement mechanisms to procure supply for consumers who are not shopping with a competitive retail supplier. It is worthwhile to analyze whether these procurement mechanisms are designed for a high-priced wholesale environment. In those states with especially low shopping statistics, consumers are deeply exposed to this high-capacity market price if default service procurement mechanisms are not designed to long-term hedge against that price.



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OPINION

State frameworks are critical to addressing PJM affordability

Affordability concerns have risen in the PJM sphere due to “tightening supply and demand,” writes Senior Vice President Asim Haque.

Published Oct. 2, 2025

By Asim Haque



The PJM Interconnection control room. Permission granted by PJM Interconnection

Asim Z. Haque is senior vice president of governmental and member services for PJM Interconnection.

The U.S. energy landscape is undergoing major transformation as the power sector works to meet the increasing electricity demands of artificial intelligence and the digital economy.

PJM Recommendations

Retail Shopping

Competitive suppliers may be able to offer better rates than what is being procured in default service auctions. This may be an opportunity for competitive suppliers, residential/small business consumers and state regulators to work collectively to enhance shopping while maintaining traditional consumer-protection oversight.

State Programs and the Total Bill

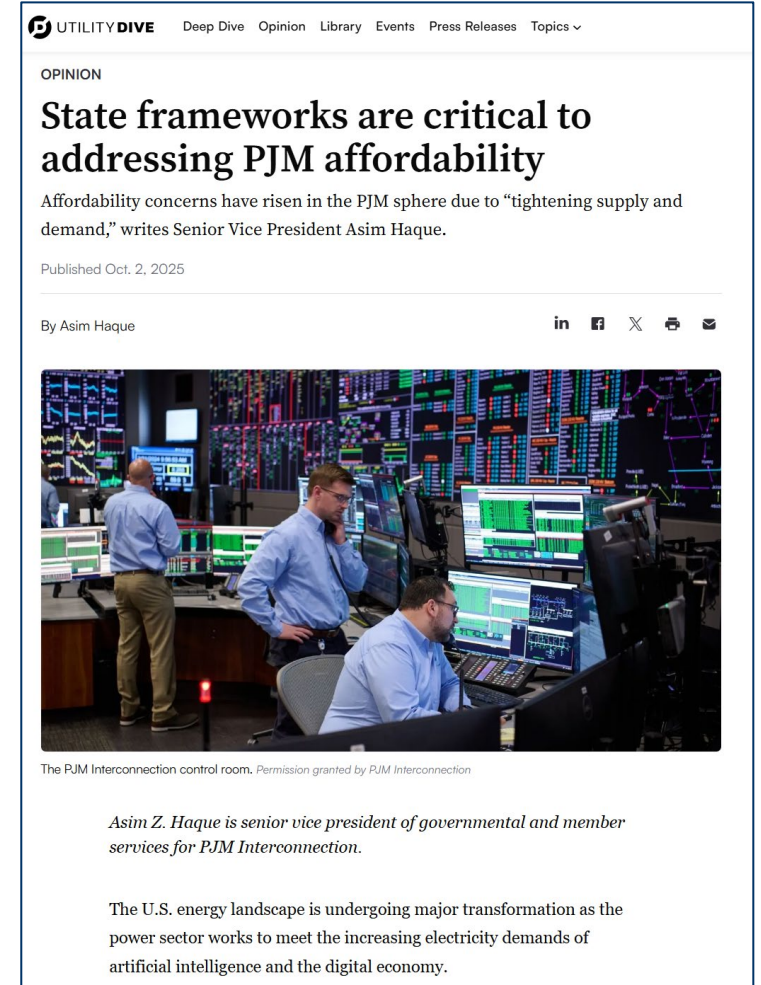
Knowing that the wholesale price for power will be higher in future years, the total bill can be analyzed to determine whether existing state programs that were initiated during times of lower wholesale pricing should continue, and again, if rebates should be allocated away from or to certain customer classes.

Demand Response and Energy Efficiency

Paying customers to reduce usage during system stress is a direct solution to reducing peak electricity demand. States can play a central role in developing and promoting robust demand response and energy efficiency programs.

Siting/Permitting

We need more energy infrastructure, both generation and transmission. States play a pivotal role in projects ultimately getting built through their siting/permitting processes. If energy infrastructure projects don't receive state permitting approvals, it won't matter how many projects PJM pushes through its generation interconnection queue.



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